65A.03 BINDERS, TEMPORARY INSURANCE.

Subdivision 1. **Generally.** Binders or other contracts for temporary insurance may be made orally or in writing, and shall be deemed to include all the terms of such standard fire insurance policy and all such applicable endorsements as may be designated in such contract of temporary insurance; except that the clause specifying the hour of the day at which the insurance shall commence, may be superseded by the express terms of such contract of temporary insurance.

Subd. 2. **Evidence for property purchase financing.** A duly authorized binder shall be acceptable as evidence of insurance coverage required as a condition of financing the purchase of real or personal property, provided that a mortgagee or lender shall not be required to accept renewal or extension thereof. This section does not require the approval of a binder by any person, firm, corporation, trustee, director, officer, agent, or employee, where there are reasonable grounds for believing that the insurance evidenced by the binder is unsatisfactory as to placement with an unauthorized insurer, the financial solvency of the insurer, adequacy of the coverage, adequacy of the insurer to assume the risk to be insured, the assessment feature to which the policy is subject, or other grounds which are not arbitrary, unreasonable, or discriminatory, nor does this section forbid the securing of insurance or a renewal thereof at the request of the borrower or because of the borrower's failure to furnish necessary insurance or renewal thereof.

Subd. 3. **Penalty.** If any person, firm, corporation, trustee, director, officer, agent, or employee, refuses to accept a duly authorized binder pursuant to subdivisions 1 and 2, the commissioner of commerce may issue an order requiring acceptance and impose a civil penalty of $500 per violation.

History: *1967 c 395 art 6 s 3; 1984 c 592 s 51; 1987 c 337 s 90*